

LIQUOR LITER TAX
RCW 82.08.150

Tax Base Sales of spirits in the original package. Spirits mean any beverage containing alcohol that is obtained by distillation, including wines with more than 24 percent alcohol by volume.

Tax Rate \$2.4408 per liter

The overall rate consists of the following:

- basic tax of \$1.72 per liter (RCW 82.08.150(3)); plus
- surtax rate of 14 percent which adds \$0.2408 per liter to the rate (RCW 82.08.150(4)); plus
- additional tax for drug programs of \$0.07 per liter (RCW 82.08.150(5)); plus
- additional tax for health care of \$0.41 per liter (RCW 82.08.150(6,c)).

Levied by State

Recent Collections (\$000)

<u>Fiscal Year</u>	<u>Collections</u>	<u>% Change</u>	<u>% of All State Taxes</u>
2001	\$67,561	2.7%	0.6%
2000	65,811	3.5	0.6
1999	63,596	3.9	0.6
1998	61,223	6.2	0.6
1997	57,637	1.5	0.6
1996	56,800	3.0	0.6
1995	55,161	(2.1)	0.6
1994	56,368	5.5	0.6
1993	53,410	1.1	0.6
1992	52,849	1.0	0.7

Administration

Liquor Control Board. Statutorily, the Department of Revenue is responsible for the liquor liter tax, although calculation and payment of the tax is handled by the Board. The tax is included in the selling price of spirits by the Board, along with the liquor sales tax and the Board's markup in retail price. The Board transmits the receipts to the Department on a monthly basis. The Department, in turn, transmits the receipts to the State Treasurer, who deposits the funds in the proper accounts.

Distribution of Receipts

Basic rate & surtax (\$1.9608)	-	state general fund
Additional tax (\$0.07)	-	violence reduction and drug enforcement account per RCW 69.50.520
Additional tax (\$0.41)	-	health services account per RCW 43.72.900.

Exemptions

Sales to the federal government for resale through commissaries at military installations.

History

This tax was established in 1961. Initially it was levied on the basis of fluid ounces at a rate of 1.1 cents per ounce. The rate was increased in 1965 to 2 cents and in 1971 to 4 cents. In 1981 it was again increased to an equivalent of 5 cents per ounce, but the basis was changed to liters at the current basic rate of \$1.72 per liter. Surtaxes were added in 1982, increasing the rate to \$1.9608. The temporary 7 cent tax to fund drug education and enforcement programs was effective on July 1, 1989. In 1994 this rate was made permanent by the Legislature; it was approved by the voters in November 1994 (the first voter-approved tax extension or increase under Initiative 601).

The additional tax for health care began on July 1, 1993 at a rate of 20 cents per liter. The 1993 statute provided for phased-in increases in the rate: to 30 cents on July 1, 1995 and to the current 41 cents on July 1, 1997.

Discussion/Major Issues See liquor sales tax.